



Department of Defense
Office of the Under Secretary of Defense (Comptroller)

Enterprise Financial Visibility
Standards-based Solutions

Presented at:
The Standard Financial Information Structure (SFIS) Forum
October 17 & 27, 2005



Agenda

- Business Transformation Agency (BTA)
- Financial Management Enterprise Priorities and Capabilities
- Enterprise Initiatives
- Current Financial Visibility Challenge
- Enterprise Solutions: SFIS and BEIS
- SFIS Deployment Approaches
- Financial Visibility Data Flows
- Scenarios:
 - Hurricane Relief
 - Utilities Cost – Base Support
- BEIS / SFIS Phase I Deployment Timeline
- Summary: SFIS and BEIS Enable Enterprise Financial Visibility



Business Transformation Agency (BTA)

- **Defense Business Systems Management Committee (DBSMC)**
 - Chartered in February 2005 to oversee transformation in the Defense Business Mission Area (BMA) and to ensure that it meets the needs and priorities of the Warfighter

- **Defense Business Transformation Agency (BTA):**
 - Established by DBSMC in October 2005 to advance defense-wide business transformation
 - Leadership:
 - Currently jointly directed by DUSD (Business Transformation) and DUSD (Financial Management), reporting to DUSD(AT&L)
 - Defense Business Systems Acquisition Executive (DBSAE) to be established (two-star billet or equivalent Senior Executive Service (SES))



BTA Responsibilities

- **Establishing Priorities** – Support the DBSMC and Personal Staff Assistants (PSAs) in their efforts to define Department-wide business transformation goals and objectives
- **Investment Control** – Support to the IRB / certification process optimizing the investment and ensuring statutory compliance
- **Transformation Tools** – Assemble and integrate the Business Enterprise Architecture and Transition Plan
- **Program Execution** – Provide program management discipline delivering the “thin” layer of “corporate” services to the Department
- **Tactical Business Support** – Bridge the gap between business and the Warfighter

Support, Integration, Coordination



Program Execution - DBSAE

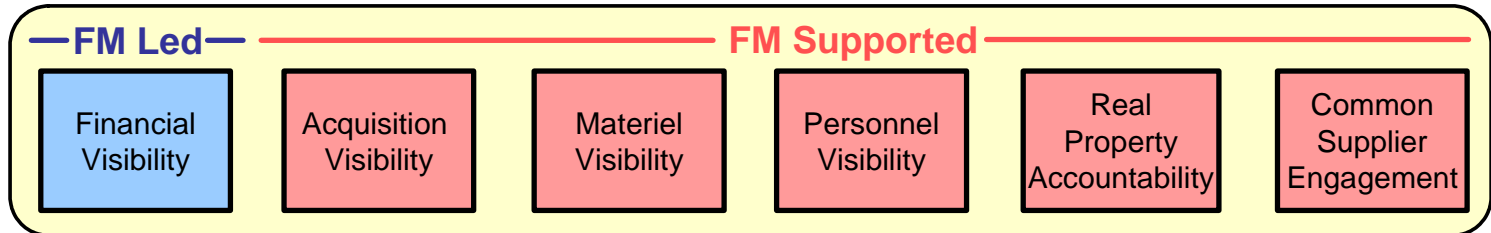
- Delivery of DoD-Enterprise layer programs and capabilities (the “thin layer”) will be managed through the office of the DBSAE
 - Ensures consistency of service delivery across the entire Department
 - Programs assigned to the DBSAE office are determined by the DBSMC
 - Only Enterprise-wide solutions are candidates for oversight by the DBSAE
 - Execution of Component programs will remain with the programs
 - Works within the Defense Acquisition System

**Program Management Discipline Delivering
the Thin Layer of “Corporate” Services**



FM Enterprise Priority

DoD
Business
Enterprise
Priorities



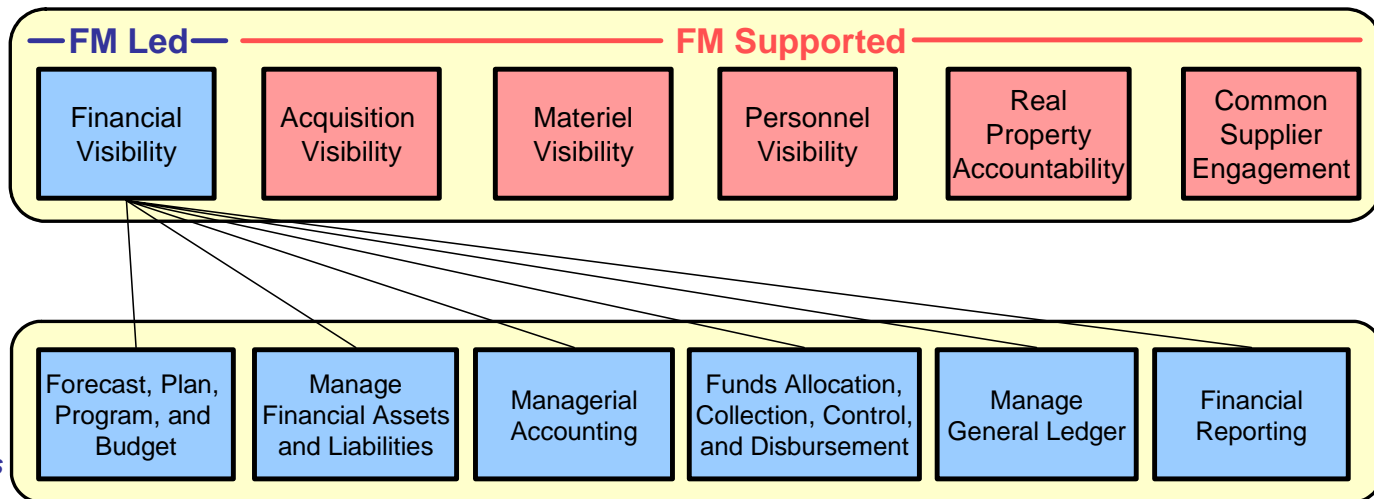
- Financial Visibility is defined as:
 - Having immediate access to accurate and reliable financial information (planning, programming, budgeting, accounting, and cost information) in support of financial accountability and efficient and effective decision-making throughout the Department in support of the missions of the Warfighter.
- The core set of objectives associated with enhancing this business priority are:
 - The creation of transparent financial data throughout the enterprise
 - The enhancement and expanded use of a solution to access authoritative data sources for timely analysis (enterprise-level business intelligence)
 - Enabling the linkage for resources to business outcomes
 - The elimination of existing financial management weaknesses and deficiencies
- Among the means by which these objectives will be achieved are:
 - The establishment of authoritative financial data sources
 - The reduction of data sources and feeds
 - *The creation and phased implementation of a common financial language*



Enterprise Priorities and Enabling Capabilities

DoD
Business
Enterprise
Priorities

Enterprise
FM Core
Business
Capabilities



Forecast, Plan, Program and Budget The ability to develop, review, evaluate and support financial forecasts, plans, programs and budgets and to integrate them with appropriate performance indicators to achieve effective business operations and program goals.

Manage Financial Assets and Liabilities The ability to identify, classify, value and manage financial (fiscal) assets to include accounts receivable and liabilities to include accounts payable from acquisition or inception to disposal or liquidation.

Managerial Accounting The ability to accumulate, classify, measure, analyze, interpret and report cost and other financial information useful to internal and external decision makers reviewing the execution of an organization's program or project resources to ensure they are effectively being used to meet objectives.

Funds Allocation, Collection, Disbursement and Control

The ability to control and distribute funds based on appropriation and authorization laws; monitor such funds against available balances for purpose, time and amount; collect funds; issue and track disbursements; and monitor cash position.

Manage General Ledger The ability to record proprietary and budgetary general ledger (GL) transactions in accordance with FASAB standards, GAAP and regulatory requirements; to define the use of, and rules to, control GL accounts; and to conduct GL analyses and reconciliations.

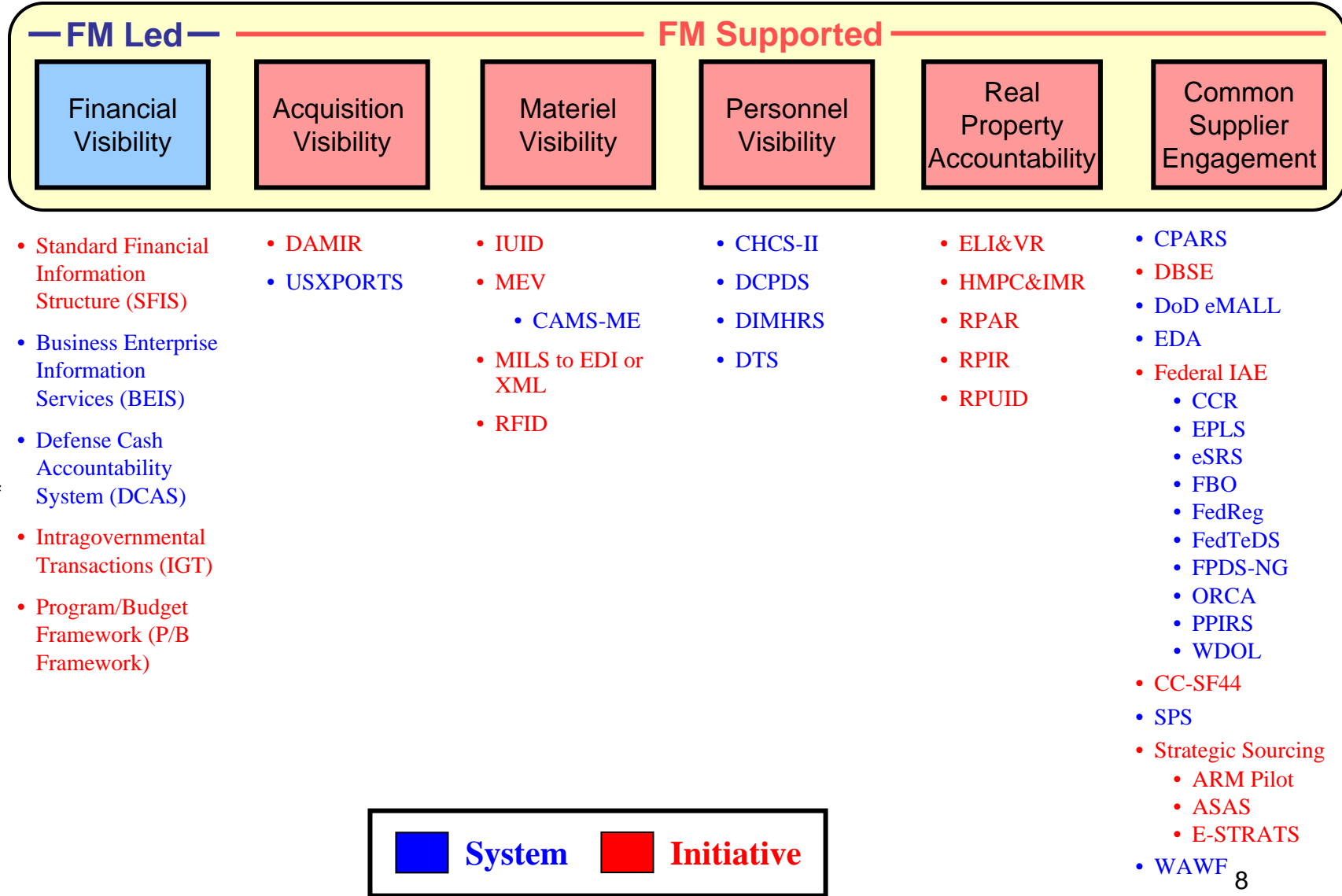
Financial Reporting The ability to provide relevant financial visibility and real-time information dashboards for DoD decision-makers and to summarize financial information for the purpose of producing mandatory reports in compliance with regulatory requirements and discretionary reports in support of other requirements.



Enterprise Initiatives

DoD
Business
Enterprise
Priorities

DoD
Business
Enterprise
Systems &
Initiatives





Current Financial Visibility Challenge

- Services have unique fiscal codes and processes

AIR FORCE OPERATIONS AND MAINTENANCE

DEPT	FY	APPR SYM	FC	FY	OAC	OBAN	PC/CC	BA	FEIC	ADSN	ESP	PE	FCC
57	6	3400	30	6	47	5A	110704	04	582.AA	503000	AB	72806F	

ARMY OPERATIONS AND MAINTENANCE

DEPT	FY	BSN	OA	ASN	AMSCO	EOR	MDEP	FCA	SDN	APC	UIC	FSN
21	6	2020	57	3106	325796.BD	26FB	QSUP	CA200	GRE12340109003	AB22	WORNAA	S34030

NAVY/MARINE CORPS - GENERAL

DEPT	FY	APPN	SUBHEAD	OC	BCN	SUBALLOT	AAA	TTC	PAA	CC
17	7	1105	0000	026	63400	3	063340	ID	000151	00560852000

- Lack of financial data standards across the Services impedes the ability to analyze performance on an enterprise-wide basis
- There is no corporate general ledger with drill down capability to source systems
- There is no corporate repository for the aggregation of enterprise-wide financial information (result: continuous manual data calls)



Enterprise Solutions: SFIS and BEIS

Standard Financial Information Structure (SFIS)

- SFIS is the DoD's common business language that enables the automated aggregation of financial data from across the Department
- SFIS Phase I:
 - Focus: elements required to support the generation of financial statements
 - 59 elements defined
 - Deployment underway
- SFIS Phase II:
 - Focus: elements in support of cost and performance-based management
 - Element definition process underway

Business Enterprise Information Services (BEIS)

- BEIS is a corporate-based information environment in which to:
 - Collect financial transactions from across the DoD
 - Provide the authoritative source for SFIS values
 - Ensure data is compliant with SFIS standards
 - Post to a corporate general ledger
 - Provide security-defined, enterprise level access to information for ad-hoc management queries
 - Produce external financial management reports/statements based on standardized data



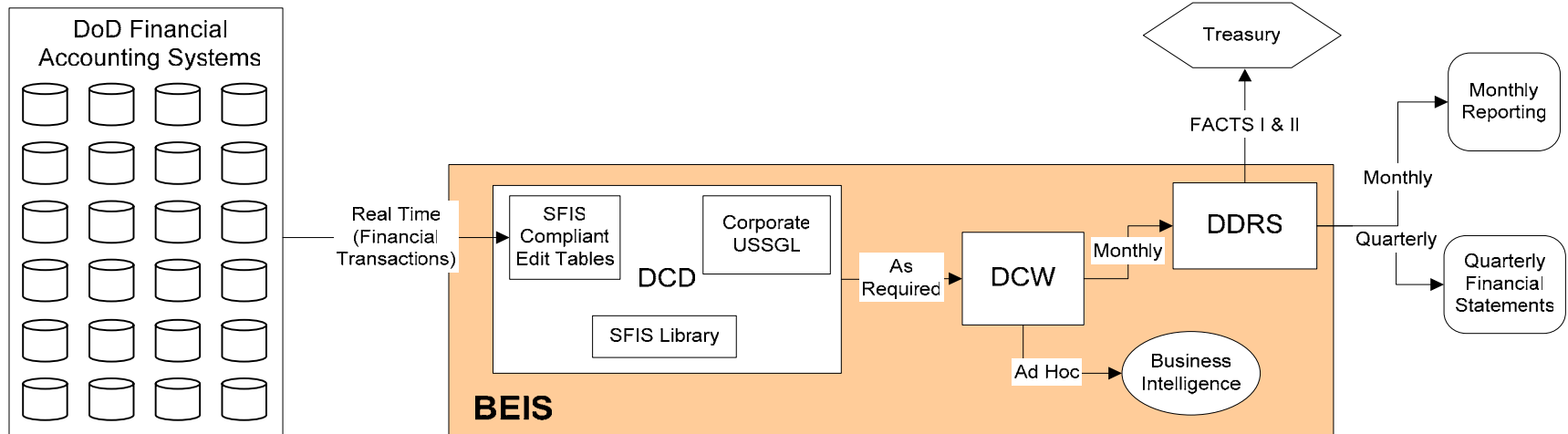
SFIS Deployment Approaches

- **The three SFIS deployment approaches are:**
 - **Legacy Accounting Systems**
 - Encompasses existing Component financial accounting systems
 - Utilizes a centralized cross-walk capability to translate detailed accounting transaction data to SFIS compliant data
 - **Business Feeder Systems**
 - Encompasses systems which create business transactions within DoD
 - Includes systems that create transactions such as travel orders, contracts, contract modifications, and certain types of invoices
 - Individual programs currently determining plans to achieve SFIS compliance
 - **Target Accounting Systems**
 - Encompasses emerging environments, including ERP systems
 - SFIS compliance to be embedded directly in these target systems

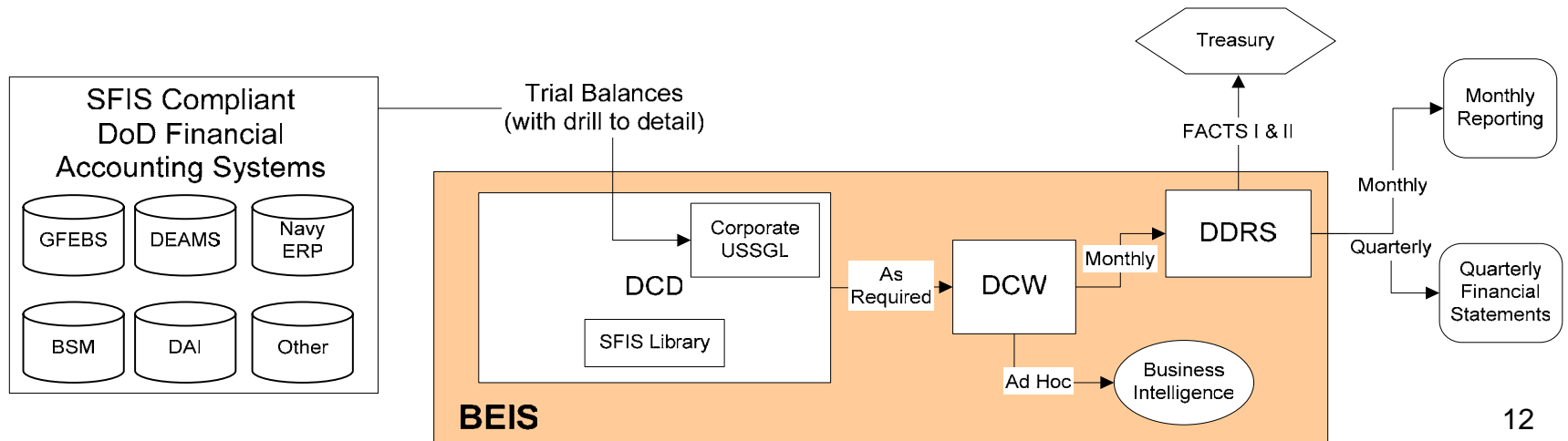


Financial Visibility Data Flows

Phased Deployment of SFIS and BEIS with Existing Accounting Systems



Ultimate Deployment of SFIS and BEIS with Emerging Accounting Systems





Scenario: Hurricane Relief



Representative Management Questions

- Appropriations vs. Obligations vs. Expenditures
- How much has each Component spent on Hurricane Relief?
- How much has been spent in each location?
- What are the top 10 things we've spent funds on (and how much)?
- How much did we spend with each of our top 10 vendors?
- How much did we spend in the first week? First month?



Today:

- No timely access tracking of emergency expenditures
- No alert capability
- Extensive manual research required
- Reactive vs. Proactive

SFIS Phase I:

- Department Regular: 21 Army
- Budget Activity: Mobilization
- Budget Sub Activity: Mobility Operations
- Budget Line Item: Airlift Operations
- Contingency Code: Hurricane Relief – Katrina (or Rita or All Hurricane Ops)
- Object Class: 220 Transportation of Things
- Trading Partner: (ID by Vendor)

SFIS Phase II:

- Object Sub Class: 221 Transportation of Relief Supplies – Water
 - Other examples include food, bedding, medical supplies, etc.
- Work Center (Temporary): Location Name (city, state, etc.)



Scenario: Utilities Cost – Base Support



Representative Management Questions

- Appropriations vs. Obligations vs. Expenditures
- How much has each Component spent?
- How much spent on each kind of utility (electricity, natural gas, etc.)?
- Spending trends relative to cost of utilities over a certain period of time?
- Do we have enough budgeted for utilities (base support) given current and forecasted demand and cost?
 - If not, what is the projected shortfall? By Component?
 - If reprogramming is needed, where are there available funds? By Component? Color of money?

Today:

- No timely access to information
- No alert capability
- Extensive manual research required
- Reactive vs. Proactive

SFIS Phase I:

- Department Regular: 21 Army
- Budget Activity: Operating Forces
- Budget Sub Activity: Land Forces Readiness Support
- Budget Line Item: Base Operating Support
- Object Class: 254 Operation and Maintenance of Facilities

SFIS Phase II:

- Object Sub Class: Utilities
- Cost Elements:
 - Electricity
 - Natural Gas
 - Steam
 - Other Utilities



BEIS / SFIS Phase I Deployment Timeline

Timeline	JAN-06	MAR-06	JUL-06	OCT-06	JAN-07
SFIS Scope	SFC elements needed to support USSGL postings Standup of SFIS Library	SFIS elements needed to support USSGL postings, Budgetary Reports, and CFO Statements	All Phase I elements	All Phase I elements	All Phase I elements, beginning of Phase II elements
Components	Army GF USSOCOM GF MDA DARPA TMA	Marine Corps GF Marine Corps WCF	Air Force GF Air Force WCF Army WCF	Navy GF Navy WCF Army GF (convert from SFC to SFIS)	Remaining Defense Agencies (GF and WCF)

Dates represent targets for 95% automated solution

Legend (Alphabetical): DARPA = Defense Advance Resource Products Agency; DSCA = Defense Security Cooperation Agency; GF= General Fund; JCS = Joint Chiefs of Staff; MDA = Missile Defense Agency; TMA = TriCare Management Agency; USSOCOM = United States Special Operations Command; WCF = Working Capital Fund; WHS = Washington Headquarters Services



Summary: SFIS and BEIS Enable Enterprise Financial Visibility

Auditable Financial Statements

Supporting Consolidating and Combining Statements

Department of Defense Agency-wide

CONSOLIDATING BALANCE SHEET

As of September 30, 2009 (\$ in millions)

	General Funds			Working Capital Funds		
	Army	Navy	Air Force	Army	Navy	Air Force
ASSETS						
Intragovernmental:						
Fund Balance with Treasury	\$ 34,507.6	\$ 62,547.1	\$ 40,541.3	\$ 674.9	\$ 1,473.8	\$ 214.6
Investments	1.4	10.5	1.3	0.0	0.0	0.0
Accounts Receivable	696.5	1,221.6	284.6	295.3	563.4	729.4
Other Assets	49.1	157.6	185.3	42.3	17.7	65.6
Total Intragovernmental Assets	\$ 35,244.6	\$ 63,936.8	\$ 41,012.5	\$ 1,012.5	\$ 2,054.9	\$ 1,009.6
Cash and Other Monetary Assets	\$ 215.9	\$ 134.8	\$ 65.0	\$ 0.0	\$ 0.0	\$ 0.1
Accounts Receivable	317.3	1,437.2	506.2	5.7	650.1	73.6
Inventory and Related Property	25,030.6	36,186.4	19,269.6	10,044.2	16,870.7	17,310.7
General Property, Plant and Equipment	17,165.8	25,485.7	20,536.8	1,156.2	4,118.2	1,255.4
Other Assets	4,201.5	4,802.6	441.0	1,377.0	790.5	790.5
TOTAL ASSETS	\$ 80,721.0	\$ 133,395.4	\$ 86,192.9	\$ 12,659.6	\$ 25,059.9	\$ 20,439.9
LIABILITIES						
Intragovernmental:						
Accounts Payable	\$ 764.0	\$ 804.0	\$ 907.9	\$ 106.6	\$ 965.7	\$ 192.5
Debt	0.1	0.1	0.1	0.0	0.0	0.0
Other Liabilities	918.7	1,570.5	1,715.0	89.5	76.2	25.4
Total Intragovernmental Liabilities	\$ 1,682.8	\$ 2,374.6	\$ 2,713.0	\$ 176.1	\$ 2,029.4	\$ 217.9
Accounts Payable	\$ 6,895.4	\$ 2,705.8	\$ 4,174.7	\$ 219.9	\$ (1,035.0)	\$ 201.9
Military Retirement Benefits and Other	1,574.4	1,441.5	1,123.2	157.3	1,223.9	198.9
Employment-Related	39,319.3	16,005.9	7,715.3	0.0	0.0	0.0
Environmental Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Loan Guarantee Liability	4,733.6	2,078.7	3,245.5	199.0	3,781.9	3,346.5
Other Liabilities	\$ 54,205.5	\$ 24,666.5	\$ 16,971.7	\$ 754.3	\$ 6,000.2	\$ 3,965.2
TOTAL LIABILITIES	\$ 54,205.5	\$ 24,666.5	\$ 16,971.7	\$ 754.3	\$ 6,000.2	\$ 3,965.2
NET POSITION						
Unexpended Appropriations	\$ 25,867.3	\$ 44,902.7	\$ 35,330.9	\$ 960.0	\$ 0.0	\$ 640.0
Cumulative Results of Operations	628.2	4,816.2	31,860.3	11,849.3	19,050.7	16,419.7
TOTAL NET POSITION	\$ 26,495.5	\$ 49,718.9	\$ 67,191.2	\$ 11,809.3	\$ 19,050.7	\$ 17,060.7
TOTAL LIABILITIES AND NET POSITION	\$ 80,721.0	\$ 133,395.4	\$ 86,192.9	\$ 12,659.6	\$ 25,059.9	\$ 20,439.9



Enterprise Business Intelligence



Combatant Commands (USSOCOM)



Joint Programs (Joint Strike Fighter)



Global War on Terror

